

Message Text

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ORIGIN DOE-15

INFO OCT-01 NEA-10 ISO-00 OES-07 SOE-02 ACDA-12 /047 R

DRAFTED BY USDOE:IA:JGARRETT:WY
APPROVED BY OES/NET:DHOYLE
USDOE:IA:HBENGELSDORF
NEA/EGY: K HONAN
ACDA: R WILLIAMSON (INFO)
-----014472 032334Z /66
O 032251Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO IMMEDIATE

UNCLAS STATE 168607

E.O. 11652: N/A

TAGS: TECH, ENRG, EG

SUBJECT: NEW DOE ADJUSTABLE FIXED COMMITMENT CONTRACT FOR
ENRICHMENT SERVICES

REF: CAIRO 16056

1. DRAFT ADJUSTABLE FIXED COMMITMENT CONTRACT (AFC) AND
RELATED DOCUMENTS ARE BEING AIR-POUCHED DUE TO THEIR
LENGTH. THIS MATERIAL PREVIOUSLY FURNISHED TO EMBASSY
OF EGYPT FOR FORWARDING TO GOE.

2. FINAL AFC VERSION (MORE FAVORABLE TO CUSTOMERS THAN
PREVIOUS DRAFT) EXPECTED TO BE RELEASED IN EARLY JULY.
COPIES OF NEW CONTRACTS TOGETHER WITH BACKGROUND INFOR-
MATION, WILL BE FURISHED TO YOU FOR TRANSMISSION TO GOE
MINISTRY OF ELECTRICITY IMMEDIATELY UPON ITS RELEASE.

3. ADVANTAGES TO NEW AFC CONTRACT ARE MANY, INCLUDING:
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(A) CUSTOMERS WILL ONLY HAVE TO FIRMLY COMMIT TO 5 YRS
OF FIRM DELIVERIES PLUS FUTURE REQUIREMENTS FOR THE
SPECIFIC REACTOR INSTEAD OF THE 10 YR FIRM COMMIT-
MENT UNDER EXISTING LONG-TERM, FIXED-COMMITMENT CON-
TRACT (LTFC);

(B) CUSTOMER WILL HAVE ABILITY TO CHANGE DELIVERIES TO LATER YEARS UPON PAYMENT OF A SCHEDULE ADJUSTMENT CHARGE (COMPUTATION OF CHARGE WILL BE SET FORTH IN FINAL AFC VERSION);

(C) FLEXIBILITY IN QUANTITIES OF SEPARATIVE WORK UNITS (SWU'S) THAT HAVE BEEN FIRMED UP WILL BE ALLOWED THREE (3) AND FOUR (4) YEARS IN ADVANCE OF SCHEDULE DELIVERY YEARS.

4. DOE IS AGREEABLE TO DELAYING FIRING UP OF APPENDICES OF LTFC CONTRACT TO SEPTEMBER 30, 1978, BUT WOULD APPRECIATE RECEIVING SAME SOONER IF POSSIBLE. THESE APPENDICES CAN THEN BE CHANGED DURING THE CONVERSION TO THE AFC CONTRACT SO AS TO MEET THE CURRENT NEEDS OF GOE WITH RESPECT TO A HIGHER MWE RATING AND ADDITIONAL QUANTITIES OF SWU'S TOGETHER WITH THE REQUESTED TWO (2) YEAR DELAY. PREVIOUS NOTICES TO ALL CUSTOMERS HAVE SPECIFIED JULY 1, 1978, AS THE DEADLINE FOR CUSTOMERS SUBMISSION TO DOE OF A NON-BINDING NOTICE OF INTENT TO CONVERT TO THE AFC CONTRACT, THE STARTING DATE OF THE NEW INITIAL DELIVERY PERIOD, AND THE MWE RATING OF THE REACTOR IF ADDITIONAL ENRICHMENT SERVICES ARE DESIRED, SO AS TO RECEIVE THE DELAY OPTION AT LOWER SCHEDULE ADJUSTMENT CHARGES THAN IS PROVIDED UNDER THE AFC CONTRACT. WE WISH TO EMPHASIZE THE ABOVE NOTICE IS NON-BINDING FOR UNCLASSIFIED

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GOE AND CAN BE RESCINDED OR CHANGED DURING NEGOTIATIONS FOR CONVERSION TO THE AFC CONTRACT. WE CANNOT TELL WHETHER JUNE 28 LETTER FROM GOE RECEIVED BY YOU MEETS THIS NOTICE REQUIREMENT. PLEASE HAVE GOE FURNISH NON-BINDING NOTICE IMMEDIATELY IF JUNE 28 LETTER DOES NOT CONTAIN NECESSARY STATEMENTS. BECAUSE OF THE APPARENT MIX-UP IN COMMUNICATIONS WITH THE EMBASSY AND GOE, DOE IS PREPARED TO ACCEPT THE NON-BINDING NOTICE FROM GOE IF IT IS SUBMITTED BY JULY 17, 1978.

5. AS TO FUTURE COMMUNICATIONS, OAK RIDGE HAS BEEN ASKED NOT TO ATTEMPT DIRECT COMMUNICATIONS WITH GOE. VANCE

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